

116TH CONGRESS
1ST SESSION

H. R. 3397

To amend the Internal Revenue Code to increase the exclusion for employer-provided dependent care assistance and to allow individuals to carry forward dependent care flexible spending arrangement account balances.

IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 2019

Mrs. WAGNER (for herself, Mr. KING of New York, Mr. STIVERS, and Mr. RODNEY DAVIS of Illinois) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code to increase the exclusion for employer-provided dependent care assistance and to allow individuals to carry forward dependent care flexible spending arrangement account balances.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Child and Dependent
5 Care Modernization Act of 2019”.

1 **SEC. 2. INCREASE IN EXCLUSION FOR EMPLOYER-PRO-**
2 **VIDED DEPENDENT CARE ASSISTANCE.**

3 (a) IN GENERAL.—Section 129(a)(2) of the Internal
4 Revenue Code of 1986 is amended—

5 (1) by striking “shall not exceed” in subpara-
6 graph (A) and all that follows and inserting the fol-
7 lowing: “shall not exceed—

8 “(i) \$8,000 (half such dollar amount
9 in the case of a separate return by a mar-
10 ried individual) if there is 1 qualifying in-
11 dividual with respect to the taxpayer dur-
12 ing such taxable year, or

13 “(ii) \$16,000 (half such dollar amount
14 in the case of such a separate return) if
15 there are 2 or more qualifying individuals
16 with respect to the taxpayer during such
17 taxable year.”, and

18 (2) by adding at the end the following new sub-
19 paragraph:

20 “(D) QUALIFYING INDIVIDUAL.—For pur-
21 poses of this paragraph, the term ‘qualifying in-
22 dividual’ has the meaning given to such term
23 under section 21(b)(1).”.

24 (b) INFLATION ADJUSTMENT.—Section 129(a)(2) of
25 such Code is amended by redesignating subparagraph (C)

1 as subparagraph (D) and by inserting after subparagraph
2 (B) the following new subparagraph:

3 “(C) INFLATION ADJUSTMENT.—In the
4 case of any taxable year beginning in a calendar
5 year after 2020, the dollar amounts in subpara-
6 graph (A) shall each be increased by an amount
7 equal to—

8 “(i) such dollar amount, multiplied by

9 “(ii) the cost-of-living adjustment de-
10 termined under section 1(f)(3) for the cal-
11 endar year in which the taxable year be-
12 gins, determined by substituting ‘calendar
13 year 2019’ for ‘calendar year 2016’ in sub-
14 paragraph (A)(ii) thereof.

15 Any increase determined under the preceding
16 sentence shall be rounded to the nearest mul-
17 tiple of \$100.”.

18 (c) EFFECTIVE DATE.—The amendment made by
19 this section shall apply to taxable years beginning after
20 December 31, 2019.

21 **SEC. 3. CARRYFORWARD FOR DEPENDENT CARE FLEXIBLE**
22 **SPENDING ARRANGEMENT ACCOUNT BAL-**
23 **ANCE.**

24 (a) IN GENERAL.—Section 125 of the Internal Rev-
25 enue Code of 1986 is amended by redesignating sub-

1 sections (k) and (l) as subsections (l) and (m), respec-
2 tively, and by inserting after subsection (j) the following
3 new subsection:

4 “(k) CARRYFORWARD.—For purposes of this title, a
5 plan or other arrangement shall not fail to be treated as
6 a cafeteria plan or flexible spending arrangement for a
7 plan year merely because such arrangement provides that
8 an amount not exceeding the amount with respect to such
9 individual under section 129(a)(2) in effect for the suc-
10 ceeding plan year may be carried forward to the suc-
11 ceeding plan year.”.

12 (b) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to taxable years beginning after
14 December 31, 2019.

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